

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

ACCOUNTANT FEE APPLICATION COVER SHEET

IN RE: Shapes/Arch Holdings L.L.C., et al.

APPLICANT: J.H. Cohn LLP

CASE NO: 08-14631

CASE FILED: March 16, 2008

CHAPTER 11

CLIENT: Official Committee of
Unsecured Creditors

COMPLETION OF THIS FORM CONSTITUTES A CERTIFICATION
UNDER PENALTY OF PERJURY. RETENTION ORDER ATTACHED.

/s/ Howard L. Konicov 9/5/08
HOWARD L. KONICOV DATE

SECTION I
FEE SUMMARY

First and Final Application for the Period March 31, 2008 through August 8, 2008

TOTAL PREVIOUS FEES REQUESTED (monthly fee stmts. 1-4)	\$ 487,804.40
TOTAL COSTS PREVIOUSLY REQUESTED (mo. fee stmts. 1-4)	\$ 4,026.51
TOTAL FEES ALLOWED TO DATE:	\$ 0
TOTAL COSTS ALLOWED TO DATE:	\$ 0
TOTAL RETAINER (IF APPLICABLE)	\$ 0
TOTAL HOLDBACK (see page 3)	\$ 121,951.10
TOTAL INTERIM PAYMENTS RECEIVED BY APPLICANT	\$ 437,938.11
TOTAL RECEIVED BY APPLICANT	\$ 437,938.11

Name of Professional	Level	Hours Billed	Hourly Rate	Total Fees
Bernard Katz	Senior Partner	129.50	\$615	\$ 79,642.50
Howard Konicov	Partner	338.50	570	192,945.00
Kenneth Arlein	Partner	2.00	570	1,140.00
Steven Pinsky	Principal	1.60	570	912.00
Irv Schwarzbaum	Director	387.10	465	180,001.50
Brian Badal	Senior Accountant	12.40	310	3,844.00
Lillian McPherson	Senior Accountant	318.9	310	98,859.00
Michele Finocchiaro	Staff	170.50	230	39,215.00
Stephen Salantrie	Staff	3.00	230	690.00
Rosellen Martoken	Staff	72.80	230	16,744.00
Maria Elena Valle	Paraprofessional	35.90	145	5,205.50
TOTAL:		1,472.20		\$619,198.50
Blended Hourly Rate:				\$420.59

FEE TOTALS		\$619,198.50
DISBURSEMENT TOTALS	(page 3)	4,026.51
TOTAL FINAL APPLICATION		\$623,225.01

Section II
Summary of Services by Code

Category	Description of Task	Hours	Fee
Administration			
	a Case Administration	19.80	5,098.00
	b Correspondence/correspondence review	37.50	21,358.50
	c Office conferences/planning	21.40	12,090.00
Analysis of Financial information			
	d Analyze assets & liabilities	27.80	10,059.50
	e Monitor Debtor's post-petition operating results	176.40	68,489.00
	f Analyze Debtor's historical financial information	38.80	13,084.50
	g Document response, request & review	36.30	13,718.00
	h Prepare/review cashflow projections/budget rev	209.80	82,827.00
	i Review proposed transactions of Debtor	20.20	11,887.50
	j Services relating to DIP facility	74.00	37,150.50
	k Disclosure Statement services	29.30	13,216.00
	l Claims analysis/reconciliation	68.80	25,433.00
	m Prepare/review flash reports	75.50	28,768.50
	n Plan negotiations	44.40	21,998.00
	o Prepare schedules and stmt/financial affairs	21.80	6,862.00
	p Evaluate sale of debtor's assets	20.50	11,892.00
	q Analyze preferences/fraudulent conveyances	27.00	5,878.50
	r Prepare report(s) to Committee	50.00	17,054.50
	s Prepare alternative liquidation analyses	104.70	40,847.00
	t Other financial analysis	16.40	5,500.00
Meetings/teleconferences			
	u Attendance at committee meetings	6.20	3,799.50
	v Meetings with parties to case	42.30	24,078.00
	w Teleconferences w/parties to case	113.60	66,039.00
Travel time			
	x Travel time at 50% of actual	12.40	7,068.00
Litigation Support			
	y Litigation general	5.00	3,075.00
	z Prepare for/attend depositions	19.20	10,028.50
	aa Review deposition transcript	2.60	1,554.00
	ab Preparation of trial exhibits	91.80	26,814.50
	ac Prepare for/attend Court	26.50	14,594.00
Fee applications and interim billing			
	ad Prepare/review fee application and interim billing	32.20	8,936.00
		1,472.20	619,198.50

SECTION III
SUMMARY OF DISBURSEMENTS

Disbursements	Amount
Photocopies (722 copies at \$.15 per page)	\$108.30
Travel (mileage, tolls, parking, train)	1,822.14
Zanaras Reporting – deposition 4/29/08	1,049.60
Faxes – 17 pages at \$1 per page	17.00
Telephone	5.83
Working meals	971.56
Federal Express	52.08
Total Disbursements:	\$4,026.51

SECTION IV
CASE HISTORY

- (1) DATE CASE FILED: March 16, 2008
- (2) CHAPTER UNDER WHICH CASE WAS COMMENCED: Chapter 11
- (3) DATE OF RETENTION: April 25, 2008, effective as of March 31, 2008 (Exhibit “A”)
- (4) PRIOR APPLICATION HISTORY THROUGH JULY 31, 2008:

Applic.	Period Covered	Fees Requested	Expenses Requested	Fees at 80%	Expenses	Payment	Holdback 20%
1 st mo.	3/31-4/30/08	\$307,637.00	\$467.71	\$246,109.60	\$467.71	\$ 246,577.31	\$61,527.40
2 nd mo.	5/1 – 5/31	149,668.00	1,876.65	119,734.40	1,876.65	121,611.05	29,933.60
3 rd mo.	6/1 – 6/30	86,550.00	539.75	69,240.00	539.75	69,779.75	17,310.00
4 th mo.	7/1 – 7/31	65,900.50	1,142.40	52,720.40	1,142.40		13,180.10
		\$609,755.50	\$4,026.51	\$487,804.40	\$4,026.51	\$437,968.11	\$121,951.10

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UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW JERSEY

HONORABLE GLORIA M. BURNS
CASE NO. 08-14631(GMB)

In re:

SHAPES/ARCH HOLDINGS L.L.C., *et al.*,

Debtors.

(Jointly Administered)

Chapter 11

**FIRST AND FINAL CHAPTER 11 FEE
APPLICATION OF J.H. COHN LLP FOR
COMPENSATION FOR PROFESSIONAL
SERVICES RENDERED AND
REIMBURSEMENT OF ACTUAL AND
NECESSARY EXPENSES PURSUANT TO
11 U.S.C. §§ 328 AND 330**

TO: HONORABLE GLORIA M. BURNS
UNITED STATES BANKRUPTCY JUDGE

This First and Final Application for allowance of compensation of \$619,198.50 and reimbursement of expenses of \$4,026.51 by J.H. Cohn LLP as financial advisor and forensic accountants to the Official Committee of Unsecured Creditors of Shapes/Arch Holdings, L.L.C., et al. for the period March 31, 2008 through August 8, 2008 is submitted pursuant to Sections 327, 328, 330 and 331 of the Bankruptcy Code, 11 U.S.C. §101, et seq., and Federal Rules of Bankruptcy Procedure 2016. Applicant respectfully represents as follows:

1. J.H. Cohn LLP ("JHC") is a firm of accountants and consultants retained by the Official Committee of Unsecured Creditors of Shapes/Arch Holdings, L.L.C., et al., the ("Committee") as its financial advisor and forensic accountants.

2. JHC's retention was approved by this Court by Order dated April 25, 2008, effective as of March 31, 2008. A copy of the Order (the "Retention Order") is annexed hereto as Exhibit "A".

3. This application seeks allowance of compensation for professional services rendered to the Committee for the time period March 31, 2008 through August 8, 2008 (the "Application Period").

4. JHC has filed monthly fee statements pursuant to the *Administrative Order Pursuant to 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, dated March 18, 2008. Applicant has filed four monthly fee statements for the period March 31 through July 31, 2008 and has received interim payments totaling \$437,968.11. (See Fee Application Cover Sheet for details.)

6. Applicant has also incurred \$9,443.00 in fees for the period August 1 through August 8, 2008, the Effective Date of the Confirmation Order, for which Applicant has not filed a monthly fee statement.

7. Applicant values the services rendered during the subject period to the Committee of \$619,198.50. Such amount represents the Applicant's usual and customary charges for services of a similar nature performed for other clients of the firm and computes to an average hourly rate of \$420.59. A summary indicating all professionals who rendered services to the Committee, their hourly billing rates, the amount of time spent by each individual, the total dollar value of each person's time and the overall average hourly rate charged during the Subject Period is attached hereto as Exhibit "B".

8. Applicant's billing rates are commensurate with the level of experience and industry expertise of the professionals at their respective levels of responsibility.

The most experienced professionals who are considered industry experts have the highest billing rates; those individuals are the partners, and their involvement in the assignment is that of coordinator and reviewer. Partners have in excess of twenty years of experience in their respective areas of expertise, namely, insolvency.

The next level of professional is the Director and Senior Manager who have the day-to-day responsibility for the assignment. Directors and Senior Managers have at least ten years experience in their respective area of expertise, namely, insolvency.

Managers have at least seven years of experience in their respective field and are responsible for various phases of the assignment as delegated by the senior manager.

Staff members range in experience from three years to seven years. They perform field work and various accounting functions as directed and delegated by the senior managers and managers.

Applicant's billing rates are commensurate with services of a similar nature performed for other clients of the firm. The use of various levels of staff permits the work to be performed at the lowest possible level, and consequently the least costly method, given the nature of the assignment. This necessitates periodic conferences between various levels of staff and management in order to coordinate efforts and/or monitor the progress of the assignment.

9. The following is a summary of services provided by JHC at the direction of counsel for the Committee:

- a) Review reasonableness of the DIP facilities as to its cost to the Debtors and the likelihood that Debtors will be able to comply with the terms.
- b) Review the DIP facilities as to whether they provide sufficient liquidity.
- c) Analyze and review key motions as to financial issues.
- d) Gain an understanding of Debtors' corporate structure, including non-debtor entities.
- e) Perform a preliminary assessment of the Debtors' 13-week budget.
- f) Establish reporting procedures that will allow for the monitoring of the Debtors' post-petition operations.
- g) Develop and evaluate alternative sale and restructuring strategies.
- h) Gain an understanding of Debtors' accounting systems.
- i) Scrutinize proposed transactions, including the assumption and/or rejection of executory contracts.
- j) Review the reasonableness and necessity of any proposed key employee retention plan.
- k) Identify, analyze and investigate transactions with non-debtor entities and other related parties.

- l) Monitor Debtors' weekly operating results, availability and borrowing base certificates, if applicable.
- m) Participate in the establishment and monitoring of any proposed sales process and supplement list of potential buyers.
- n) Communicate findings to the Committee.
- o) Identify and quantify any recoverable assets which are not in the Debtors' estates.
- p) Assist the Committee in negotiating the key terms of a Plan of Reorganization.
- q) Review the nature and origin of other significant claims asserted against the Debtors.
- r) Prepare dividend analysis.
- s) Validate the Debtors' business plan projections and liquidation analysis.
- t) Render such other assistance as the Committee and its counsel may deem necessary.

10. Annexed hereto as Exhibit "C" is a detailed description of the professional services rendered by JHC during the Subject Period, including the date the service was performed, the identity of the individuals rendering such services, the hours expended by them and a description of the services performed. The charges associated with such services during the Subject Period based upon JHC's standard hourly rates amounted to \$619,198.50.

11. Annexed hereto as Exhibits "D1" and "D2" are a summary of hours expended, together with detailed descriptions of the professional services rendered during the period August 1 through August 8, for which JHC has not previously submitted a monthly fee statement. These hours are also included in the final application summary and detail (Exhibits "B" and "C").

12. JHC also incurred necessary out-of-pocket expenses in the sum of \$4,026.51 during the Subject Period related to the aforesaid services, which are summarized on Exhibit "B" attached herewith.

13. To the extent this Final Application seeks allowance of compensation for the time period covered by JHC's first through fourth monthly fee statements, those statements are incorporated by reference in this Final Application.

WHEREFORE, J.H. Cohn LLP respectfully requests that this Court approve its First and Final Application for Compensation and Reimbursement of Expenses as Financial Advisor and Forensic Accountants to the Committee and requests an order:

- a) Awarding a final fee allowance for professional fees in the amount of \$619,198.50 for the period March 31, 2008 through August 8, 2008;
- b) Awarding a final allowance for necessary out-of-pocket disbursements incurred in the amount of \$4,026.51 for the period March 31, 2008 through August 8, 2008;
- c) For approval of the twenty percent "holdback" fees for the first through fourth monthly fee statements;
- d) For a total final fee award of \$623,225.01; and,
- e) Granting such other further relief as the Court deems appropriate.

Dated: Edison, New Jersey
September 5, 2008

Respectfully submitted,

J.H. COHN LLP
Financial Advisor and Forensic Accountants to the
Official Committee of Unsecured Creditors
of Shapes/Arch Holdings L.L.C., et al.

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